NASHVILLE SYMPHONY ASSOCIATION

FINANCIAL STATEMENTS

July 31, 2021 and 2020

NASHVILLE SYMPHONY ASSOCIATION
Nashville, Tennessee

FINANCIAL STATEMENTS
July 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Nashville Symphony Association
Nashville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of Nashville Symphony Association (a nonprofit organization), which comprise the statements of financial position as of July 31, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nashville Symphony Association as of July 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Crowe LLP

Crowe LLP

Franklin, Tennessee
December 15, 2021

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
July 31, 2021 and 2020

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 11,806,249	$ 5,260,404
Accounts receivable	626,083	128,065
Prepaid expenses and other assets	549,733	513,039
Contributions receivable, net	1,438,075	1,159,653
Total current assets	14,420,140	7,061,161
Long-term assets		
Contributions receivable, net	1,229,965	1,318,648
Investments	3,308,105	2,402,185
Beneficial interests in trust	11,147,871	9,354,329
Property and equipment, net	69,925,827	72,387,534
Total long-term assets	85,611,768	85,462,696
Total assets	$ 100,031,908	$ 92,523,857
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	$ 1,205,905	$ 1,564,214
Deferred grant revenues	4,216,751	-
Current portion of mortgage note payable	-	20,000,000
Current portion of installment note payable	260,582	1,411,193
Deferred revenues	4,699,868	4,608,834
Total current liabilities	10,383,106	27,584,241
Long-term liabilities		
Other accrued liabilities	812,500	325,000
Mortgage note payable	20,000,000	-
Installment note payable	1,739,418	1,436,187
Total long-term liabilities	22,551,918	1,761,187
Total liabilities	32,935,024	29,345,428
Net assets		
Without donor restrictions		
Undesignated	47,818,832	45,489,965
Board designated	12,466,547	10,426,260
With donor restrictions	6,811,505	7,262,204
Total net assets	67,096,884	63,178,429
Total liabilities and net assets	$ 100,031,908	$ 92,523,857

See accompanying notes to financial statements.

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended July 31, 2021 (with comparative July 31, 2020 information)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Operating revenues				
Program revenues				
Ticket sales	$ -	$ -	$ -	$ 5,907,830
Orchestra fee engagements	15,000	-	15,000	306,836
Concert hall rental	76,500	-	76,500	388,850
Ancillary rental	4,700	-	4,700	64,375
Concessions and symphony store	11,957	-	11,957	623,353
Expense reimbursements	66,018	-	66,018	376,878
Interest and other income	23,252	-	23,252	1,287,897
Total program revenues	197,427	-	197,427	8,956,019
Community Foundation distribution	361,000	-	361,000	383,800
Total operating revenues	558,427	-	558,427	9,339,819
Operating expenses				
Orchestra operating expenses				
Operations and artistic administration	3,139,547	-	3,139,547	13,136,939
Education	307,915	-	307,915	385,773
Marketing	699,195	-	699,195	2,565,009
Administration and support	1,393,434	-	1,393,434	2,513,011
Fund-raising	799,391	-	799,391	1,394,458
In-kind expenses	129,028	-	129,028	211,457
Total orchestra operating expenses	6,468,510	-	6,468,510	20,206,647
Symphony Center operating expenses				
Concessions and symphony store	91,421	-	91,421	421,668
Management and building operations	2,104,523	-	2,104,523	2,799,452
Total Symphony Center operating expenses	2,195,944	-	2,195,944	3,221,120
Total operating expenses before depreciation	8,664,454	-	8,664,454	23,427,767
Deficit before support, investment income and other noncash items	(8,106,027)	-	(8,106,027)	(14,087,948)
Support				
Contributions	5,680,033	1,652,465	7,332,498	7,724,637
Grants	721,942	213,500	935,442	80,000
Fund-raising events	831,608	-	831,608	887,360
In-kind contributions	129,028	-	129,028	211,457
Total support	7,362,611	1,865,965	9,228,576	8,903,454
Net assets released from restrictions	2,316,664	(2,316,664)	-	-
Surplus (deficit) before investment income and other noncash items	1,573,248	(450,699)	1,122,549	(5,184,494)
Investment income, net				
Net investment income	330,543	-	330,543	156,754
Net beneficial interests in trust income	2,298,075	-	2,298,075	63,949
Total investment expenses	(162,812)	-	(162,812)	(95,043)
Total investment income, net	2,465,806	-	2,465,806	125,660
Surplus (deficit) before other noncash items	4,039,054	(450,699)	3,588,355	(5,058,834)
Gain on debt forgiveness	2,880,520	-	2,880,520	-
Depreciation	(2,550,420)	-	(2,550,420)	(2,593,252)
Increase (decrease) in net assets	4,369,154	(450,699)	3,918,455	(7,652,086)
Net assets at beginning of year	55,916,225	7,262,204	63,178,429	70,830,515
Net assets at end of year	$ 60,285,379	$ 6,811,505	$ 67,096,884	$ 63,178,429

See accompanying notes to financial statements.

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended July 31, 2020

	Without Donor Restrictions	With Donor Restrictions	2020 Total
Operating revenues			
Program revenues			
Ticket sales	$ 5,907,830	$ -	$ 5,907,830
Orchestra fee engagements	306,836	-	306,836
Concert hall rental	388,850	-	388,850
Ancillary rental	64,375	-	64,375
Concessions and symphony store	623,353	-	623,353
Expense reimbursements	376,878	-	376,878
Interest and other income	1,287,897	-	1,287,897
Total program revenues	8,956,019	-	8,956,019
Community Foundation distribution	383,800	-	383,800
Total operating revenues	9,339,819	-	9,339,819
Operating expenses			
Orchestra operating expenses			
Operations and artistic administration	13,136,939	-	13,136,939
Education	385,773	-	385,773
Marketing	2,565,009	-	2,565,009
Administration and support	2,513,011	-	2,513,011
Fund-raising	1,394,458	-	1,394,458
In-kind expenses	211,457	-	211,457
Total orchestra operating expenses	20,206,647	-	20,206,647
Symphony Center operating expenses			
Concessions and symphony store	421,668	-	421,668
Management and building operations	2,799,452	-	2,799,452
Total Symphony Center operating expenses	3,221,120	-	3,221,120
Total operating expenses before depreciation	23,427,767	-	23,427,767
Deficit before support, investment income and depreciation	(14,087,948)	-	(14,087,948)
Support			
Contributions	5,931,329	1,793,308	7,724,637
Grants	25,000	55,000	80,000
Fund-raising events	887,360	-	887,360
In-kind contributions	211,457	-	211,457
Total support	7,055,146	1,848,308	8,903,454
Net assets released from restrictions	1,257,244	(1,257,244)	-
Surplus (deficit) before investment income and depreciation	(5,775,558)	591,064	(5,184,494)
Investment income, net			
Net investment income	156,754	-	156,754
Net beneficial interests in trust income	63,949	-	63,949
Total investment expenses	(95,043)	-	(95,043)
Total investment income, net	125,660	-	125,660
Surplus (deficit) before depreciation	(5,649,898)	591,064	(5,058,834)
Depreciation	(2,593,252)	-	(2,593,252)
Increase (decrease) in net assets	(8,243,150)	591,064	(7,652,086)
Net assets at beginning of year	64,159,375	6,671,140	70,830,515
Net assets at end of year	$ 55,916,225	$ 7,262,204	$ 63,178,429

See accompanying notes to financial statements.

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES
Year ended July 31, 2021 (with comparative July 31, 2020 information)

	Program Expenses						
	Orchestra and Concert Operations	Schermerhorn Symphony Center	Total Program Expenses	General and Administrative Expenses	Fund-raising Expenses	2021 Total	2020 Total
Salaries and benefits	$ 3,854,265	$ 569,918	$ 4,424,183	$ 498,350	$ 328,665	$ 5,251,198	$ 14,182,213
Accelerando	152,355	-	152,355	-	-	152,355	96,276
Advertising	37,071	-	37,071	-	-	37,071	547,398
Assisting artists' fees and guest conductor	(6,463)	-	(6,463)	-	-	(6,463)	3,149,153
Bad debt expense	-	-	-	-	92,342	92,342	160,802
Bank charges	-	-	-	78,923	-	78,923	249,817
Concert production	11,903	-	11,903	-	-	11,903	198,683
Cost of goods sold	-	1,022	1,022	-	-	1,022	67,787
Debt service	-	650,000	650,000	-	-	650,000	650,000
Dues and subscriptions	-	-	-	57,526	-	57,526	41,572
Ensemble	-	-	-	-	-	-	15,467
General contracts	-	56,368	56,368	-	-	56,368	62,411
Hall rental	-	-	-	-	-	-	2,400
Housekeeping and janitorial	-	41,445	41,445	-	-	41,445	156,975
Information technology	-	-	-	218,854	-	218,854	280,067
Instrument rental and repair	6,910	-	6,910	-	-	6,910	203,111
Insurance	-	149,545	149,545	118,207	-	267,752	282,639
Meals and entertainment	-	-	-	12,212	-	12,212	22,264
Music purchase, rental, royalties and commissions	12,663	-	12,663	-	-	12,663	250,743
Office supplies and maintenance	-	312	312	42,820	-	43,132	51,519
Postage	-	-	-	-	8,101	8,101	79,190
Printing	13,760	-	13,760	-	27,208	40,968	129,029
Professional fees	-	-	-	321,893	302,328	624,221	395,931
Security	-	105,326	105,326	-	-	105,326	139,521
Symphony store	-	16,135	16,135	-	-	16,135	74,087
Taxes and licenses	-	4,509	4,509	-	-	4,509	4,668
Telemarketing	2,081	-	2,081	-	-	2,081	730,198
Telephone	-	-	-	9,401	-	9,401	14,213
Tools, equipment and maintenance	-	26,184	26,184	-	-	26,184	44,660
Travel	-	-	-	-	254	254	17,373
Truck rental	2,686	-	2,686	-	-	2,686	5,398
Utilities	-	569,207	569,207	-	-	569,207	613,027
Miscellaneous	59,426	5,973	65,399	35,248	40,493	141,140	297,718
In-kind expenses	129,028	-	129,028	-	-	129,028	211,457
Total expenses before depreciation	4,275,685	2,195,944	6,471,629	1,393,434	799,391	8,664,454	23,427,767
Depreciation	391,878	1,724,598	2,116,476	290,742	143,202	2,550,420	2,593,252
Total expenses	$ 4,667,563	$ 3,920,542	$ 8,588,105	$ 1,684,176	$ 942,593	$ 11,214,874	$ 26,021,019

See accompanying notes to financial statements.

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES
Year ended July 31, 2020

	Program Expenses					
	Orchestra and Concert Operations	Schermerhorn Symphony Center	Total Program Expenses	General and Administrative Expenses	Fund-raising Expenses	2020 Total
Salaries and benefits	$ 10,584,227	$ 1,238,414	$ 11,822,641	$ 1,530,449	$ 829,123	$ 14,182,213
Accelerando	96,276	-	96,276	-	-	96,276
Advertising	547,398	-	547,398	-	-	547,398
Assisting artists' fees and guest conductor	3,149,153	-	3,149,153	-	-	3,149,153
Bad debt expense	-	-	-	-	160,802	160,802
Bank charges	-	-	-	249,817	-	249,817
Concert production	198,683	-	198,683	-	-	198,683
Cost of goods sold	-	67,787	67,787	-	-	67,787
Debt service	-	650,000	650,000	-	-	650,000
Dues and subscriptions	-	-	-	41,572	-	41,572
Ensemble	15,467	-	15,467	-	-	15,467
General contracts	-	62,411	62,411	-	-	62,411
Hall rental	2,400	-	2,400	-	-	2,400
Housekeeping and janitorial	-	156,975	156,975	-	-	156,975
Information technology	-	-	-	280,067	-	280,067
Instrument rental and repair	203,111	-	203,111	-	-	203,111
Insurance	-	162,381	162,381	120,258	-	282,639
Meals and entertainment	-	347	347	21,917	-	22,264
Music purchase, rental, royalties and commissions	250,743	-	250,743	-	-	250,743
Office supplies and maintenance	-	5,256	5,256	46,263	-	51,519
Postage	63,408	-	63,408	-	15,782	79,190
Printing	78,592	-	78,592	-	50,437	129,029
Professional fees	-	-	-	161,620	234,311	395,931
Security	-	139,521	139,521	-	-	139,521
Symphony store	-	74,087	74,087	-	-	74,087
Taxes and licenses	-	4,668	4,668	-	-	4,668
Telemarketing	730,198	-	730,198	-	-	730,198
Telephone	-	-	-	14,213	-	14,213
Tools, equipment and maintenance	-	44,660	44,660	-	-	44,660
Travel	8,303	-	8,303	-	9,070	17,373
Truck rental	5,398	-	5,398	-	-	5,398
Utilities	-	613,027	613,027	-	-	613,027
Miscellaneous	154,364	1,586	155,950	46,835	94,933	297,718
In-kind expenses	211,457	-	211,457	-	-	211,457
Total expenses before depreciation	16,299,178	3,221,120	19,520,298	2,513,011	1,394,458	23,427,767
Depreciation	391,713	1,729,250	2,120,963	316,434	155,855	2,593,252
Total expenses	$ 16,690,891	$ 4,950,370	$ 21,641,261	$ 2,829,445	$ 1,550,313	$ 26,021,019

See accompanying notes to financial statements.

NASHVILLE SYMPHONY ASSOCIATION
STATEMENTS OF CASH FLOWS
July 31, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Increase (decrease) in net assets	$ 3,918,455	$ (7,652,086)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,550,420	2,593,252
Gain on sale of property and equipment	(399)	(46,420)
Gain on debt forgiveness	(2,880,520)	-
Loss (gain) on sale of investments and beneficial interests in trust	(433,261)	299,605
Unrealized gain on investments and beneficial interests in trust	(1,985,237)	(172,600)
Bad debt expense	92,342	160,802
Contributions with perpetual restrictions	(371,229)	(53,499)
Net change in assets and liabilities:		
Accounts and contributions receivable	(780,099)	1,112,196
Prepaid expenses and other current assets	(36,694)	506,751
Accounts payable and accrued liabilities	162,331	903,731
Deferred grant revenues	4,216,751	-
Deferred revenue	91,034	(767,935)
Net cash provided by (used in) operating activities	4,543,894	(3,116,203)
Cash flows from investing activities		
Purchases of property and equipment	(89,664)	(192,185)
Proceeds from sale of property and equipment	1,350	46,420
Proceeds from sales of investments and beneficial interests in trust	1,902,733	10,648,891
Purchases of investments and beneficial interests in trust	(2,183,697)	(8,799,247)
Net cash provided by (used in) investing activities	(369,278)	1,703,879
Cash flows from financing activities		
Borrowings on installment note payable	2,000,000	2,847,380
Proceeds from contributions with perpetual donor restrictions	371,229	53,499
Net cash provided by financing activities	2,371,229	2,900,879
Net change in cash and cash equivalents	6,545,845	1,488,555
Cash and cash equivalents at beginning of year	5,260,404	3,771,849
Cash and cash equivalents at end of year	$ 11,806,249	$ 5,260,404

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities: The Nashville Symphony Association (the "Association") is dedicated to achieving the highest standard for excellence in musical performance and educational programs, while engaging the community, enriching audiences and shaping cultural life. Funding for operations comes primarily from ticket sales, concert and other sponsorships, grants, venue rental, concessions and contributions. Contributions are received from individuals, guilds, foundations, corporations and other donating bodies.

The Nashville Symphony Endowment Trust ("NSET") is a separate entity that was formed for the purpose of supporting the Association. The NSET, structured as a Board-imposed irrevocable trust, was intended by the Association's Board of Directors to support the general operation of the Association in perpetuity subject to the terms of the NSET and was funded with proceeds of various capital campaigns in 1989 and 1999. These NSET funds are included as part of the Beneficial Interests in Trust line in the accompanying Statements of Financial Position.

Due to the purpose for which the NSET was formed, the Association and the NSET are considered to be financially interrelated organizations. The Association has recognized its interest in the net assets of the NSET in its financial statements. NSET qualifies under Internal Revenue Service guidelines as a functionally integrated Type I supporting organization.

Basis of Presentation: The accompanying financial statements of the Association have been prepared on the accrual basis and include the assets, liabilities and financial activities of all program services of the Association. In accordance with U.S. generally accepted accounting principles, the financial statements report the changes in and totals of each net asset class based on the existence of donor restrictions. Net assets are classified as without donor restriction or with donor restriction as described below:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. Net assets without donor restrictions include undesignated net assets and net assets that are Board designated for endowment or other purposes.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature while others are perpetual in nature. These restrictions may be purpose-restricted or time-restricted.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

Operations: The nature of the Association's operations involves support from donors and activities directly related to the production of concerts and fund-raising expenses. The Association's investments and beneficial interests in trust and related activities, as well as activity related to the "A Time for Greatness" (ATFG) and "Sustaining Greatness" (SG) campaigns are not considered to be part of operations and are reported separately.

Recently Adopted Accounting Pronouncements: On August 1, 2020, the Association adopted Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, and all subsequent amendments thereto (collectively, "ASC 606") using the modified retrospective transition method. ASC 606 supersedes virtually all existing revenue recognition guidance, including industry-specific guidance, and replaces it with a single, comprehensive framework for recognizing revenue from contracts with customers. ASC 606 also requires enhanced disclosure about the Association's revenue from contracts with customers. Adoption of ASC 606 did not impact the timing or pattern of revenue recognition on the Association.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition: The Association's program revenues consist primarily of ticket sales, both single tickets and package sales, and facility rental revenues. All of the program revenues are derived from contracts with customers within the scope of ASC 606. Accordingly, the Association recognizes revenue as when (or as) control of the promised goods or services transfers to the customer. Revenue is recorded at the amount of consideration the Association expects to be entitled to in exchange for the delivered goods or services, which includes an estimate of expected returns or refunds when applicable. All of the Association's program revenues are recognized at a point in time.

The Association's sole performance obligation for the program revenues consists of providing the service or event to the customer. Season ticket sales and other support attributable to the current concert season are recorded as deferred revenue and recognized over the course of the season as the performances occur. Season ticket sales for the next concert season are recorded as deferred revenue in the current year. Any refunds of performances yet to occur are recorded directly against the related deferred revenue balances.

Rental revenue is recorded at a point in time when the rental event occurs. Partial payment from customers is typically due upfront at the time of rental agreement signing prior to the event which creates a deferred revenue contract liability. Returns are generally not permitted after a performance or event has occurred and been recognized into revenue.

Support Recognition: Outside of its program and operating revenues, the Association receives support in the form of concert sponsorships, contributions and grants. The Association recognizes these forms of support in accordance with ASC 958-605 which allows for recognition of conditional gifts only upon fulfillment of any stipulated conditions. Proceeds from conditional contributions received are initially recorded as a deferred liability and subsequently recognized as support revenue when the Organization has substantially met all terms and conditions of the grant.

Unconditional contributions received and unconditional promises to give are recognized when such gifts or promises are received. Contributions are recorded as net assets with or without restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions to support future symphony seasons received prior to year-end are recognized as income with donor restrictions. If a restriction has been met in the same year that it was imposed, then the revenues are reflected in net assets without donor restrictions.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction accomplished, net assets with donor restrictions are released from restrictions and reclassified to net assets without donor restrictions. During the years ended July 31, 2021 and 2020, the Association released net assets with donor restrictions to net assets without donor restrictions in the amounts of $2,316,664 and $1,257,244, after meeting stipulated time or purpose restrictions.

Contributions received in which donors have stipulated that the principal be maintained in perpetuity are also classified as net assets with donor restrictions. The earnings from these net assets are classified as with donor restrictions until appropriated for use in current operating expenses by the board, as these donations were silent to usage of earnings.

Cash and Cash Equivalents: The Association considers all highly liquid investments with an original maturity of three months or less when acquired to be cash equivalents for the Statement of Cash Flows.

Contributions Receivable: Contributions to be received within the next 12 months or with restrictions that have been met at year-end are classified as current assets. Contributions designated by the donor to be received more than 12 months after year-end are discounted and classified as noncurrent assets. The Association calculates the net present value of the contribution using the treasury rate and payment streams as of the date of the pledge made by the donor.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Association does not require collateral or other security to support the receivables or accrue interest on any of its receivables. The allowance for uncollectible pledges is determined by management based on the historical collection of pledges, specific donor circumstances and general economic conditions. Periodically, management reviews contributions receivable and records an allowance for specific donors based on current circumstances. Receivables are charged off against the allowance when all attempts to collect the receivable have failed.

Accounts Receivable: Accounts receivable primarily consists of balances owed for catering and venue rental for special events hosted at the Schermerhorn Symphony Center. Interest is not charged on past due accounts receivable.

Investments and Beneficial Interests in Trust: The Association's investments and beneficial interests in trust are held at one financial institution, which manages the funds they hold within guidelines established by the Trust Advisory Board and implemented by the investment firm. The Association also has a separate Trustee who provides compliance and oversight to the investment firm. These NSET funds are reported in non-current assets as beneficial interests in trust and qualify as a board-designated endowment without donor restrictions. The Association receives regular distributions from NSET according to the terms of the trust documents and amendments.

Investments are valued at fair value as determined by the investment advisors and are based on quoted prices in an active market. Unrealized gains and losses in fair value are recognized as changes in net assets in the period such gains and losses occur. Investments budgeted for use in operations during the next fiscal year are classified as current assets. At July 31, 2021 and 2020, there were no investments classified as current for this purpose.

Investment income is recorded on the accrual basis and considered without donor restrictions unless specifically restricted by the donor. Realized gains and losses on investment transactions are recorded as the difference between proceeds received and cost, net of any commissions or related management expenses.

Investment securities are exposed to various risks such as interest rate, market, liquidity and credit risks. Due to the level of risk associated with certain investment securities and the sensitivity of certain fair value estimates to changes in valuation assumptions, it is at least reasonably possible that changes in risks in the near term would result in material changes in the fair value of long-term investments and net assets of the Association.

Property and Equipment: Property and equipment are stated at cost. Donated property is recorded at fair value. Depreciation is computed on a straight-line basis over the estimated useful lives of assets, ranging from three to fifty years. Certain assets such as land and some instruments and art are considered non-depreciable.

The Association owns a viola and cello, with a cost of $1,975,000, that are used in performances on a permanent basis. The Association has the ability and intent to retain the instruments. The instruments are classified as assets with donor restrictions, recorded at cost and are not depreciated.

Impairment of Long-Lived Assets: On an ongoing basis, the Association reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying amounts may be overstated. The Association recognizes impairment losses if the undiscounted cash flows expected to be generated by the asset are less than the carrying value of the related asset. The impairment loss adjusts the assets to fair value. As of July 31, 2021 and 2020, management believes that no impairment existed.

Advertising: At July 31, 2021 and 2020, prepaid expenses included $38,303 and $32,768 of capitalized direct response advertising costs. The costs are related to the annual season ticket drive, which incorporates brochure and telemarketing solicitation of potential season ticket holders. The capitalized direct response advertising costs are amortized over the following year's symphony season. Outside of the annual season ticket drive, all other advertising costs are expensed as incurred.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations of Credit Risk: Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of cash on deposit, receivables, investments and beneficial interests in trust. The Association's cash deposits are primarily in financial institutions in Tennessee and may at times exceed federally insured amounts. Concentrations of credit risk with respect to receivables are limited to individuals, corporations, ticket subscribers, patrons and associations and are not collateralized. Investments and beneficial interests in trust consist primarily of publicly-traded securities and mutual funds in an open market. Management does not believe the Association has any significant credit risk related to its financial instruments.

Fair Value Measurements: Fair value is the price that would be received by the Association for an asset or paid by the Association to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date in the Association's principal or most advantageous market for the asset or liability. Fair value measurements are determined by maximizing the use of observable inputs and minimizing the use of unobservable inputs. The hierarchy places the highest priority on unadjusted quoted market prices in active markets for identical assets or liabilities (level 1 measurements) and gives the lowest priority to unobservable inputs (level 3 measurements). The three levels of inputs within the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Association has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect the Association's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In some cases, a valuation technique used to measure fair value may include inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

Federal Income Taxes: The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, no provision for income taxes has been made in the accompanying financial statements.

In accordance with applicable guidance, the Association will recognize a tax benefit only if it is more-likely-than-not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. As of July 31, 2021 and 2020, management is not aware of any uncertain tax positions. The Association does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. The Association did not recognize or accrue any interest or penalties related to uncertain tax positions as of July 31, 2021 and 2020, and for the years then ended.

Donated Services: Donated services from volunteers for fund-raising are not recorded in the accounts of the Association as a clear, measurable basis, for the monetary value of such services does not exist, and the Association does not exercise control over these activities.

In-Kind Contributions and Expenses: The Association receives donated services such as advertising, professional services and guest artist services that are recognized as in-kind contributions. The Association also incurs expenses related to the use of such services, which are reflected in operating expenses. In-kind contributions and expenses were $129,028 and $211,457 during the years ending July 31, 2021 and 2020, respectively.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Staff, committees, benefits and taxes expense line items are allocated based on time spent related to general and administrative and programmatic purposes. Consultants and vendors expenses are normally directly charged to the functional category to which they relate.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to July 31, 2021 to determine the need for any adjustments to and/or disclosures within the financial statements for the year ended July 31, 2021. Management has performed their analysis through December 15, 2021, the date the financial statements were available to be issued.

NOTE 2 – IMPACT FROM COVID-19

In June 2020, as the COVID-19 pandemic and related government ordinances were highly fluid and uncertain, the Association's Board of Directors voted to postpone all scheduled program activity through at least July 31, 2021, and to furlough all musicians and 75% of the administrative staff. However, as a result of rising vaccination availability and efficacy and implementing industry wide safety protocols, the Association announced in May 2021 its plans to reopen and began selling advance tickets for their 2021-2022 season. Subsequent to year-end, the Association safely welcomed guests back for a full season of performances beginning on September 16, 2021.

The Association continues to monitor the ongoing impact of the COVID-19 pandemic on all aspects of the organization. The Association cannot reasonably predict the ultimate impact of the COVID-19 pandemic, including the extent of any adverse impact on operations and financial condition, which will depend on, among other things, the duration and spread of the pandemic, the impact of current or future governmental regulations, the effectiveness of actions taken to contain or mitigate the outbreak, and global economic conditions.

In response to the market volatility and instability resulting from the coronavirus pandemic, the Federal government enacted several laws including but not limited to the Coronavirus Aid, Relief, and Economic Security Act, the Coronavirus Response and Relief Supplemental Appropriations Act, and the American Rescue Plan Act (collectively, the "Acts"). The Acts created various programs to support individuals and businesses in the form of loans, grants, and tax changes, among other types of relief. The Association applied for and benefited from a few key relief programs from the Acts in relation to the pandemic.

Paycheck Protection Program: The Association received two Paycheck Protection Program ("PPP") loans from the US Small Business Administration ("SBA"). Under the terms of the Paycheck Protection Program, a PPP loan provides for conditional forgiveness if the Association utilizes the loan proceeds on admissible expenses, including qualifying payroll, rent, and utility expenses, and maintains employment and compensation levels for a specified period of time. Although the Association believes the conditions for full forgiveness of the PPP loan will be met, ultimate forgiveness also is conditioned upon the SBA concurring with the Association's good-faith assessment that the current economic uncertainty made the loan request necessary to support ongoing operations and the loan proceeds were used for admissible expenses. If the Association is later determined to have violated the provisions of the Paycheck Protection Program, the Association may be required to repay the PPP loan in its entirety and/or be subject to additional penalties.

The Association accounts for the PPP loans as debt under ASC 470. Under this guidance, the Association will recognize the entire loan balance and related accrued interest into the statement of activities only upon receipt of formal loan forgiveness by the SBA.

(Continued)

NOTE 2 – IMPACT FROM COVID-19 (Continued)

On April 15, 2020, the Association received its first PPP loan in the principal amount of $2,847,380. During the year ended July 31, 2021, the Association applied for and received formal forgiveness on the full amount of its first PPP loan. Accordingly, a gain on debt forgiveness of $2,880,520 has been recorded in the accompanying statements of activities.

In February 2021, the Association received the proceeds from its second PPP loan in the principal amount of $2,000,000. The remaining PPP loan has a stated interest rate of 1% per annum and requires no payments of principal or interest until the end of a statutorily provided 10 month deferral period.

If not forgiven, the loan requires equal monthly payments beginning in January 2022 through maturity in February 2026. The Association believes it has followed the guidelines established by the Federal government and does not foresee any issue with full forgiveness of the loan. However, as such forgiveness cannot be assured until received, the Association has presented the full amount of the remaining loan of $2,000,000 as an installment note payable on the accompanying statement of financial position.

Shuttered Venue Operators Grant Program: The Acts authorized $15 billion in payments to be distributed through the Shuttered Venue Operators Grant ("SVOG") Program through the SBA. Payments from the SVOG are not loans; however, SVOG funds are required to be paid back if not fully utilized by the end of the budget period on certain qualified expenses. During the year ended July 31, 2021, the Association received cash payments of $4,620,083 from the SVOG Program.

The Association has elected to account for the SVOG proceeds received as a conditional contribution in accordance with Subtopic 958-605. Under Subtopic 958-605, the SVOG proceeds are initially recorded as a deferred grant liability and subsequently recognized as grant revenue when the Organization has substantially met all terms and conditions of the grant. The Association 's assessment of whether the terms and conditions for amounts received have been substantially met considers, among other things, the terms of the Acts and all other interpretive guidance issued by the U.S. Small Business Administration. Such guidance sets forth the allowable methods for quantifying eligible expenses. Based on the Association's assessment, the Association has recognized $403,332 of grant revenue specifically from SVOG within the accompanying statement of activities for the year ended July 31, 2021. The remaining portion of $4,216,751 has been recorded as a deferred grant revenue liability within the accompanying statements of financial position as of July 31, 2021.

Subsequent to year-end, the Association received an additional $3,310,041 of SVOG proceeds on September 22, 2021 from a supplemental phase of the grant program. The Association is budgeted to expend the full liability at July 31, 2021 and the additional proceeds received after year-end on the qualified allowable expenses during the year ending July 31, 2022.

(Continued)

NOTE 3 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2021	2020
Financial assets at year-end:		
Cash and cash equivalents	$ 11,806,249	$ 5,260,404
Accounts receivable	626,083	128,065
Contributions receivable, net	2,668,040	2,478,301
Investments	3,308,105	2,402,185
Beneficial interests in trust	11,147,871	9,354,329
Total financial assets	29,556,348	19,623,284
Less amounts unavailable for general expenditures within one year, due to:		
Board designations	(12,466,547)	(10,426,260)
Donor restrictions based upon purpose or time	(4,836,505)	(5,287,204)
Financial assets unavailable to be used within one year	(17,303,052)	(15,713,464)
Financial assets available to meet general expenditures within one year	$ 12,253,296	$ 3,909,820

The majority of the Association's board designated endowment of $12,466,547 is subject to an annual spending policy as discussed in detail in Note 11. The Association's management monitors cash daily, weekly, monthly and annually by forecasting the inflows and outflows of cash in order to satisfy the general operating expenditures of the Association. Additionally, the Board has adopted a strategy that focuses on growth of the investment portfolio with the goal of providing the maximum amount of funding to support the mission of the Association. This strategy includes a multifaceted investment allocation mix, which the overarching goal of maximizing earnings, and is not focused on maximizing liquidity.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2021	2020
Land	$ 3,500,000	$ 3,500,000
Building	131,582,504	131,582,504
Parking structure	1,109,169	-
Musical instruments – depreciable	2,248,880	2,239,909
Musical instruments – non-depreciable	1,975,000	1,975,000
Furniture and equipment	6,257,062	6,191,553
Art, décor and sculptures – non-depreciable	1,194,855	1,194,855
Construction in process - parking structure	-	1,096,411
	147,867,470	147,780,232
Less accumulated depreciation	(77,941,643)	(75,392,698)
	$ 69,925,827	$ 72,387,534

(Continued)

NOTE 5 – CONTRIBUTIONS RECEIVABLE

Contributions receivable at July 31, 2021 and 2020 consist of promises to give based on commitments made by corporate and individual donors, including board members. Receivables without donor restrictions include donations to the general fund and to the annual campaign. Receivables with donor restrictions include contributions to fund specific programs that will occur in the future. Collection of contributions receivable is anticipated over the following maturity schedules:

Year Ending July 31,	"A Time for Greatness" and "Sustaining Greatness"	Other	2021 Total	2020 Total
2021	$ -	$ -	$ -	$ 1,241,885
2022	152,131	1,368,176	1,520,307	406,000
2023	105,000	341,703	446,703	255,000
2024	105,000	165,000	270,000	255,000
2025	105,000	5,000	110,000	105,000
2026	100,000	-	100,000	105,000
Thereafter	800,000	-	800,000	795,000
Total	1,367,131	1,879,879	3,247,010	3,162,885
Less discount	(330,502)	(16,236)	(346,738)	(412,352)
Net present value of receivables	1,036,629	1,863,643	2,900,272	2,750,533
Less allowance for doubtful accounts	(195,000)	(37,232)	(232,232)	(272,232)
Contributions receivable, net	841,629	1,826,411	2,668,040	2,478,301
Current maturities, net	107,131	1,330,944	1,438,075	1,159,653
Noncurrent maturities, net	$ 734,498	$ 495,467	$ 1,229,965	$ 1,318,648

The Association's fund-raising campaign "A Time for Greatness" concluded in 2008. In 2010, the Association launched a new campaign, "Sustaining Greatness", to raise funds to support operations. While both of these campaigns have concluded, the Association still has receivables initially pledged under these campaigns. Contributions receivable from the "ATFG" and "SG" campaigns include $800,498 and $819,287, of assets with donor restrictions as of July 31, 2021 and 2020. During the years ended July 31, 2021 and 2020, the Association had collections totaling $1,544,468 and $2,821,880, respectively, from donors that are considered related parties, such as board members and others.

NOTE 6 – INVESTMENTS AND BENEFICIAL INTERESTS IN TRUST

Fair values of financial instruments are estimated using relevant market information and other assumptions. The following are descriptions of the valuation methods and assumptions used by the Association to estimate the fair values of investments and beneficial interests in trust.

Mutual funds: The fair values of mutual fund investments and common stock-based exchange-traded funds (ETF) are determined by obtaining quoted prices from a nationally recognized exchange (level 1 inputs). Bond-related ETF's are valued at the closing price reported in the active market in which the ETF is traded (level 1 inputs).

(Continued)

NOTE 6 – INVESTMENTS AND BENEFICIAL INTERESTS IN TRUST (Continued)

Beneficial Interests in Trust: The fair values of the Association's investments in beneficial interests in trust have been determined based on the net asset values of the underlying investments as a practical expedient and have not been classified in a specific level within the fair value hierarchy.

Investments and beneficial interests in trust measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements Using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
At July 31, 2021				
Investments:				
Mutual funds	$ 3,308,105	$ -	$ -	$ 3,308,105
Beneficial interests in trust	-	-	-	11,147,871
Total investments and beneficial interests in trust at July 31, 2021	$ 3,308,105	$ -	$ -	$ 14,455,976
At July 31, 2020				
Investments:				
Mutual funds	$ 2,402,185	$ -	$ -	$ 2,402,185
Beneficial interests in trust	-	-	-	9,354,329
Total investments and beneficial interests in trust at July 31, 2020	$ 2,402,185	$ -	$ -	$ 11,756,514

Investment income, net of related fees and expenses, is as follows for the years ended July 31, 2021 and 2020:

	2021	2020
Dividends	$ 210,120	$ 347,708
Realized gains (losses), net	433,261	(299,605)
Unrealized gains, net	1,985,237	172,600
Trustee, management and professional fees	(162,812)	(95,043)
	$ 2,465,806	$ 125,660

NOTE 7 – MORTGAGE NOTE PAYABLE

The Association has a mortgage note payable for twenty million dollars that is held by a private entity affiliated with a board member of the Association. The note is due in July 2025 and bears interest at a fixed rate of 3.25%. Quarterly interest payments are due on January 31, April 30, July 31 and October 31 of each year. The note is secured by the building.

NOTE 7 – MORTGAGE NOTE PAYABLE (Continued)

After the shutdown of concert and event operations discussed in Note 2, the Association did not make five quarterly interest payments on their mortgage note payable during both the years ended July 31, 2021 and 2020. During the year ended July 31, 2021, the Association received a formal notice of default that included a discussion on possible forbearance for a period of time. On July 19, 2021, the Association entered into a Forbearance and Restructuring Agreement with the note holder that cured the events of default from missed interest payments during 2020 and 2021 and requires interest payments to resume effective July 31, 2021. Accordingly, the entire balance of the mortgage note payable is presented as a noncurrent liability on the accompanying statement of financial position at July 31, 2021.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

The Association is subject to a collective bargaining agreement whereby certain requirements and restrictions are placed upon the Association in return for qualified union musicians. The agreement establishes various requirements including compensation, pension funding and other terms of employment, and places certain other restrictions upon the Association.

The Association is party to various legal proceedings incidental to its operations. In management's opinion, all such matters are covered by insurance, or if not so covered, are without merit or are of such kind, or involve such amounts, which would not have a significant effect on the financial position or results of operations of the Association if disposed of unfavorably.

NOTE 9 - BENEFIT PLANS

The Association has a defined contribution pension plan, which covers all full-time non-orchestra employees of the Association with one year of credited service. This plan is designed to conform to Internal Revenue Code Section 403(b) and to the requirements of the Employee Retirement Income Security Act of 1974 (ERISA). The Association's contributions to the plan are based upon a percentage of the participant's salary and are entirely discretionary. There were no contributions to the plan during the years ended July 31, 2021 and 2020.

The Association also has a voluntary tax-sheltered annuity plan, which covers all full-time employees of the Association. This plan is not subject to ERISA requirements as there is limited involvement by the Association. It is a contributory plan whereby contributions are made entirely by plan participants.

In addition, the Association participates in a multi-employer defined benefit plan administered by a national trust, known as the American Federation of Musicians and Employers' Pension Fund, which covers all union musician employees of the Association. This plan is also designed to conform to the requirements of ERISA. Contributions to the plan are based upon a percentage of the participant's salary, as determined by the terms of the Collective Bargaining Agreement between the Association and American Federation of Musicians Local 257. Participants do not contribute to the plan. The Association contributed $137,665 and $494,167 to the plan in 2021 and 2020. The risks of participating in a multi-employer pension plan ("MEPP") differ from single-employer plans. The potential risks include, but are not limited to, the use of the Association's contributions to provide benefits to employees of other participating employers, the Association becoming obligated for other participating employers' unfunded obligations, and, upon the Association's withdrawal from a plan, the Association being required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

(Continued)

NOTE 9 - BENEFIT PLANS (Continued)

The plan in which the Association participated in the years ended July 31, 2021 and 2020 is summarized in the table below. The Pension Protection Act ("PPA") zone status represents the most recent available information from the MEPP which is for the plan year ended March 31, 2020 and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded.

Pension Fund	Employer ID Number/ Pension Plan Number	PPA Zone Status	FIP/RP Status [(2)]	2021	2020	Contributions Greater Than 5% of Total Plan Contributions [(1)]	Expiration Date of CBA
American Federation of Musicians and Employers' Pension Plan	51-6120204	Red	Yes	$ 137,665	$ 494,167	No	July 2024

[(1)] This information was obtained from the respective plan's Form 5500 for the most current available and prior year filing. These dates may not correspond with the Association's calendar year contributions. The above noted percentage of total plan contributions column is based upon disclosures contained in the plan's Form 5500 filing ("Forms"). Those Forms, among other things, disclose the names of individual participating employers whose annual contributions account for more than 5% of the aggregate annual amount contributed by all participating employers for plan years 2021 and 2020.

[(2)] The FIP/RP Status column indicates a yes or no for plans which a financial improvement plan ("FIP") or a rehabilitation plan ("RP") is either pending or has been implemented.

NOTE 10 - NET ASSETS

Net assets with donor restrictions are restricted for the following purposes or periods at July 31, 2021 and 2020:

	2021	2020
Subject to expenditure for specified purpose:		
Annual campaign and fund-raising events	$ 1,835,351	$ 2,280,677
Debt service and building maintenance	494,705	625,961
Operating activities of the Association	800,498	819,287
	3,130,554	3,725,925
Subject to the passage of time:		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	397,152	623,709
Subject to spending policy and appropriation:		
Investment in perpetuity, including amounts above original gift amounts, which once appropriated, is expendable to support any activities of the Association	1,308,799	937,570
Not subject to appropriation or expenditures:		
Musical instruments required to be used by the Association	1,975,000	1,975,000
Total net assets with donor restrictions	$ 6,811,505	$ 7,262,204

Additionally, the Association's board has designated, from net assets without donor restrictions, the Association's beneficial interests in trust and a portion of the investments as a board designated quasi endowment. The board designated endowment totaled $12,466,547 and $10,426,260 at July 31, 2021 and 2020, respectively.

(Continued)

NOTE 11 – ENDOWMENT ASSETS

The Association's endowment assets consist of donor restricted funds required to be held in perpetuity and certain net assets without donor restrictions that have been designated for endowment by the Board of Directors. Endowment net asset composition by type of fund is as follows as of July 31, 2021 and 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
As of July 31, 2021			
Board designated endowment	$ 12,466,547	$ -	$ 12,466,547
Donor restricted funds:			
Original donor restricted gift amounts required to be maintained in perpetuity by donors	-	1,308,799	1,308,799
	$ 12,466,547	$ 1,308,799	$ 13,775,346
As of July 31, 2020			
Board designated endowment	$ 10,426,260	$ -	$ 10,426,260
Donor restricted funds:			
Original donor restricted gift amounts required to be maintained in perpetuity by donors	-	937,570	937,570
	$ 10,426,260	$ 937,570	$ 11,363,830

Changes in endowment net assets for years ended July 31, 2021 and 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
2021			
Beginning net assets	$ 10,426,260	$ 937,570	$ 11,363,830
Investment return	2,568,298	-	2,568,298
Transfers, net	(528,011)	-	(528,011)
Contributions	-	371,229	371,229
Ending net assets	$ 12,466,547	$ 1,308,799	$ 13,775,346
2020			
Beginning net assets	$ 10,940,453	$ 884,071	$ 11,824,524
Investment return	20,028	-	20,028
Transfers, net	(534,221)	-	(534,221)
Contributions	-	53,499	53,499
Ending net assets	$ 10,426,260	$ 937,570	$ 11,363,830

(Continued)

NOTE 11 – ENDOWMENT ASSETS (Continued)

Interpretation of UPMIFA: The Board of Directors have interpreted the Tennessee Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Association classifies as net assets with donor restrictions (a) the original value of perpetually restricted gifts donated to the Association, (b) the original value of subsequently perpetually restricted gifts donated to the Association, and (c) accumulations to the Association made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the Association's assets.

From time to time, the fair value of assets associated with individual donor restricted funds may fall below the level that the donor or UPMIFA requires the Association to retain as a fund of perpetual duration. Deficiencies of this nature that are in excess of related amounts with temporary donor restrictions are reported as an offset to net assets without donor restrictions. There were no deficiencies in these funds as of July 31, 2021 and 2020.

Return Objectives and Risk Parameters: The Association's investment objectives are 1) to preserve principal assets, 2) to grow the real purchasing power of the assets above inflation, and 3) to control and mitigate the risks that act against the long-term growth of the assets, such as poor performance by investment managers and excessive fees. A key component in pursuit of these objectives is the adequate diversification of investment funds among and within asset classes. The Association's investments may from time to time be subject to constraints that will dictate changes in the asset mix, liquidity characteristics, and, potentially, time horizon.

Spending Policy: The Association's beneficial interests in trust are subject to various distribution restrictions based upon the terms of the Trust Agreement of the Nashville Symphony Association. The NSET shall make quarterly distributions to or for the benefit of the Association. The distributions shall be based upon the "rolling 3-year average" of the market value of the investments held in the NSET, being the sum of the market value of the Trust determined on and as of the last day of each of the immediately preceding 12 calendar quarters, divided by 12. For purposes of this, the "market value" of the Trust, to be determined on and as of the last day of each applicable quarter, shall consist of the market value of the principal of the trust estate (to include stocks, bonds and mutual funds and unrealized gains and losses thereon), cash and cash equivalents. The distributions shall be an amount equal to one and 25/100 percent (1.25%) per quarter of the "average market value" of the trust estate (to include both principal and income as of the applicable date) of the Trust.

The Trust Advisory Board may direct the Trustee to withhold some or all of any distribution and may request distributions to be made less frequently than quarterly. The Trustee shall not make any distribution in the event the market value (as defined) has decreased in value for two successive quarters unless the Executive Committee of the Association and the Trust Advisory Board so directs the Trustee to make a distribution. In the event the market value declines for three successive quarters, the Trustee shall withhold all distributions until directed by the Trust Advisory Board and the Executive Committee of the Association, and the Executive Committee shall meet to review the distribution policy set forth herein prior to directing the Trustee to do so. Distributions may not exceed one and 25/100 percent (1.25%) of the "rolling 3-year average" in any calendar quarter. Distributions, at the request of the Trust Advisory Board, may be deferred until such time as is convenient with the financial needs of the Association.

The Trustee shall make all calculations necessary to determine the market valuations and amount of distributions. The decision of the Trustee shall be final. During the fiscal year 2021, the trustee calculated the trust distributions to the Association at $528,011.

(Continued)

NOTE 11 – ENDOWMENT ASSETS (Continued)

Other than as allowed by the Trust Agreement, the Trustee may not encroach upon the principal of the Trust or any other funds contributed to this Trust pursuant to the provisions of or otherwise and to be administered hereunder except and only to the extent that the terms and conditions of such contributions specifically allow encroachment, which terms and conditions shall be communicated in writing to the Trustee by the Trust Advisory Board which shall also direct or authorize any encroachment in accordance with such terms and conditions.

The rights and obligations of the Association are described more fully in the Trust Agreement which also includes a “spendthrift” clause that is intended to restrain both voluntary and involuntary transfers of the Association's interest in the Trust to the fullest extent allowed by the laws of the State of Tennessee.